

**CHINA ORIENTAL GROUP COMPANY LTD:
FINANCIAL ADVISOR DEMANDS 200,000 SHARES OF A SUBSIDIARY**

A (former?) corporate financial advisor to publicly listed China Oriental Group Company Ltd (中國東方集團控股有限公司) (Code: 581, Main Board, The Stock Exchange of Hongkong Ltd) has lodged a Claim in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), alleging that it has not been paid in full for its services.

The financial advisor is Red Rock Capital Partners Ltd, which is the Plaintiff in HKSAR High Court Action Number 1901.

The Defendant in this Action is Hebei Jinxi Iron and Steel Company Ltd (河北津西鋼鐵股份有限公司), which is 97.60 percent owned by China Oriental Group Company Ltd and is the principal operating subsidiary of this steel producer in the PRC, proper.

According to Red Rock Capital Partners Ltd, it is a British Virgin Islands company *'providing investment advisory and financial services in the People's Republic of China.'*

It is alleged, at Paragraph 3 of the Statement of Claim, attached to Writ of Summons Number 1901, that there existed a purported agreement, dated May 31, 2003, whereby Red Rock Capital Partners Ltd was appointed by Hebei Jinxi Iron and Steel Company Ltd to be *'its financial adviser in the listing of the Defendant's shares by way of an initial public offer ("IPO") in a stock exchange overseas ...'*

The remuneration to be paid to Red Rock Capital Partners, it is alleged, was to be a monthly consultancy fee and a success fee, based on calculations, linked to the actual price-earnings ratio of the shares listed.

Paragraph 3 of the Statement of Claim continues, stating:

*'... Further, it was agreed that the Defendant (Hebei Jinxi Iron and Steel Company Ltd) would give the Plaintiff 200,000 shares ("**Bonus Shares**") in the share capital of the Defendant at nil consideration within one (1) month of the successful IPO...'*

China Oriental Group Company Ltd was successfully listed on The Stock Exchange of Hongkong Ltd on March 2, 2004, by way of an IPO.

Paragraph 5 of the Statement of Claim attests to the fact that the monthly fees and Success Fee were paid in accordance with the purported service agreement, but the bonus shares in the share capital of Hebei Jinxi Iron and Steel Company Ltd were never delivered to Red Rock Capital Partners Ltd.

And so this matter has been brought to the attention of the HKSAR High Court for a determination since Red Rock Capital Partners Ltd claims that it cannot get its bonus shares.

When China Oriental Group Company Ltd went public, it collected, net of expenses, about \$HK2.11 billion.

As at June 30, 2005, it had only spent about \$HK1.13 billion of the amount of money that it collected by issuing 805 million New Shares at \$HK2.75 per Share in March of 2004.

About ... [CLICK TO ORDER FULL ARTICLE](#)

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

*If readers feel that they would like to voice their opinions about that which they have read in **TARGET**, please feel free to e-mail your views to editor@targetnewspapers.com or targnews@hkstar.com. **TARGET** does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*